



J. TYLER McCAULEY  
AUDITOR-CONTROLLER

## COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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February 23, 2005

TO: Supervisor Gloria Molina, Chair  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich  
Supervisor Don Knabe

FROM: J. Tyler McCauley  
Auditor-Controller *for Maria Qui*

SUBJECT: **CHILDREN'S HOME SOCIETY OF CALIFORNIA CONTRACT REVIEW**

We have completed a contract compliance review of Children's Home Society of California (CHS or Agency), a CalWORKs Stage 1 Childcare service contractor. The review was conducted as part of the Auditor-Controller's County Contract Monitoring Project.

### **Background**

The Department of Public Social Services (DPSS) contracts with CHS, a private, non-profit, community-based organization that assists parents with childcare services. The Agency's services include determining participants' presumptive eligibility, explaining participant's childcare options and program rights, providing consumer education information, childcare referrals upon request, and paying the daycare service providers. The Agency is located in the Fourth District.

DPSS pays CHS a negotiated rate of approximately \$125 per case per month. DPSS also pays CHS a fixed monthly fee of approximately \$31,000 per month to fund six staff located at DPSS offices and approximately \$17,000 annually for Outreach Services. For Fiscal Year 2003-2004, DPSS paid the Agency approximately \$2.6 million for administrative and operational expenses.

### **Purpose/Methodology**

The purpose of the review was to determine whether CHS provided the services outlined in their Program Statement and County contract. We also evaluated the Agency's ability to achieve planned service and staffing levels. Our monitoring visit

*"To Enrich Lives Through Effective and Caring Service"*

included a review of the Agency's billing statements, participant case files, staff time sheets, employee roster including staff allocation schedule, personnel files and interviews with the Agency's staff, program participants, and service providers.

### **Results of Review**

Overall, CHS provided the services required by the County contract using the appropriate number of staff. In addition, CHS staff met the qualifications required by the County contract. The program participants stated that the services they receive from the Agency met their expectations.

In addition, CHS paid the service providers within the timeframe required by the County contract. For 36 (97%) of the 37 Provider Payment Requests sampled, the Agency issued the payments within the required timeframe. The Agency claimed that due to an oversight, the remaining payment was issued 17 days beyond the timeframe required by the County contract.

The details of our contract compliance review are attached.

### **Review of Report**

On February 16, 2005, we discussed our report with CHS who concurred with our report. In their attached response, Children's Home Society of California's management indicates agreement with our report. We also notified DPSS of the results of our review.

We thank Children's Home Society of California for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC  
Attachment

c: David E. Janssen, Chief Administrative Officer  
Bryce Yokomizo, Director, Department of Public Social Services  
Amelia Nunez-Wells, Chief Executive Officer, Children's Home Society of California  
Violet Varona-Lukens, Executive Officer  
Public Information Office  
Audit Committee

**COUNTYWIDE CONTRACT MONITORING PROJECT  
CalWORKs STAGE 1 CHILD CARE PROGRAM  
FISCAL YEAR 2004-2005  
CHILDREN'S HOME SOCIETY OF CALIFORNIA**

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether Children's Home Society of California (CHS or Agency) provided the services billed in accordance with their contract and the program participants actually received those services.

**Verification**

We selected a sample of 25 program participant case files and reviewed the documentation contained in the case files to support the Agency's compliance with the County contract. We also interviewed 75 program participants and 75 daycare providers. Our sample represents \$9,375 out of a total of \$304,847 that CHS billed the Department of Public Social Services (DPSS) for administrative and operational expenses for the review period July and August 2004. In addition, we reviewed 37 Provider Payment Requests (PPR) to verify that the payments were processed within the timeframe required by the County contract.

**Results**

CHS provided the services required by the County contract. The Agency provided referrals to program participants upon request. In addition, all 25 participant case files sampled contained documentation to support that the participants were eligible to receive program services. In addition, the 75 participants interviewed stated that the services met their expectations and that the Agency provided effective program orientation.

The 75 service providers also stated that CHS paid them appropriately. For 36 (97%) of the 37 Provider Payment Requests sampled, the Agency issued the payments within the required timeframe. The Agency claimed that due to an oversight, the remaining payment was issued 17 days beyond the timeframe required by the County contract.

**Recommendations**

**There are no recommendations for this section.**

**STAFFING/CASELOAD LEVELS****Objective**

Determine whether CHS' actual staffing levels did not significantly vary from planned staffing levels of 45 staff (39 located in-house and 6 located at DPSS field locations).

**Verification**

We interviewed 24 CHS staff and reviewed CHS' employee roster.

**Results**

The Agency's actual staffing level of 35 staff was approximately 22% below the planned staffing level. However, as noted below, the decrease in the staffing levels was due to a decrease in the number of cases referred to the Agency. In November 2004, the Agency notified DPSS of the decrease in the number of staff.

**Recommendations**

There are no recommendations for this section.

**STAFFING QUALIFICATIONS****Objective**

Determine whether CHS' staff met the qualifications required by the County contract.

**Verification**

We reviewed the personnel files for ten program staff for documentation to confirm staff qualifications.

**Results**

Each staff sampled met the required employment eligibility verification, training and reading, writing and speaking requirements identified in the contract.

**Recommendations**

There are no recommendations for this section.

**SERVICE LEVELS****Objective**

Determine whether the Agency's reported service levels did not significantly vary from planned service levels.

**Verification**

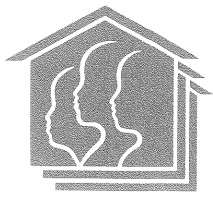
We reviewed invoices for July and August 2004 and compared to the Agency's proposed service levels for the same period.

**Results**

For July and August 2004, CHS's reported service levels averaged approximately 1,224 participant cases per month. This represents a decrease of approximately 25% from the budgeted participant service levels of 1,606 participant cases per month. The decrease is due to a reduction in the number of cases referred to the Agency by DPSS.

**Recommendations**

**There are no recommendations for this section.**



CHILDREN'S  
HOME  
SOCIETY OF  
CALIFORNIA

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February 17, 2005

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Auditor-Controller  
County of Los Angeles  
Department of Auditor-Controller  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 525  
Los Angeles, California 90012-2766

Re: Contract Compliance Review Response

Dear Mr. McCauley:

Children's Home Society of California (CHS) has reviewed the final report issued by your Department in relation to the recently completed contract compliance review of the CHS CalWORKs Stage 1 Child Care Services Contract with the Los Angeles County Department of Public Social Services. We are very pleased that this report includes no findings or recommendations. This letter confirms our agreement with this final report.

Thank you.

Sincerely,

Amelia Nuñez-Wells  
Chief Executive Officer

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James T. Spradley, Jr.

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